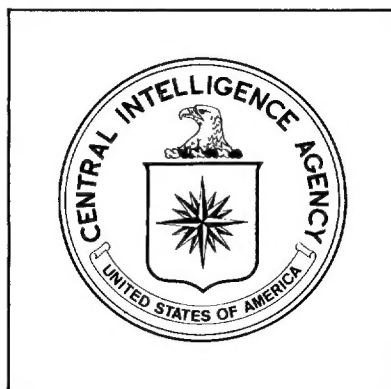


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

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Bulgaria's Zhivkov Visiting West Germany

Todor Zhivkov, Bulgaria's chief of state and party leader, arrived in Bonn today to begin a five-day visit to West Germany. Zhivkov, accompanied by Foreign Minister Mladenov, will meet with President Scheel, Chancellor Schmidt, Foreign Minister Genscher and probably Economics Minister Friderichs.

The talks will deal mainly with economic issues. Bulgarian-West German trade has increased significantly--relatively speaking--in the past two years, and West Germany is Bulgaria's largest Western trading partner. Last year's trade volume amounted to about \$400 million, small potatoes for Bonn but fairly significant for Sofia.

The Bulgarians have a large trade deficit, and the two sides presumably will discuss how to correct the trade imbalance. Zhivkov may ask for a West German credit, but it appears unlikely that Bonn will accede. During a visit to Bulgaria last May, Friderichs flatly rejected a request for a \$500 million credit. The Bulgarians and West Germans reportedly will also discuss joint economic ventures in third countries.

According to the West Germany news agency, Mladenov and Genscher will sign a cultural agreement that includes West Berlin. This appears doubtful, however, given the tough line on this issue taken by Moscow which has held up signature of a Soviet-West German cultural agreement because Bonn desires a Berlin clause. The Bulgarians, of all the East Europeans, hew most closely to the Soviet line on foreign policy.

The West Germans, in fact, expect little concrete to result from Zhivkov's visit. They regard it, and the

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1 +  
2 | visits of Hungary's Kadar and Czechoslovakia's Husak--  
tentatively set for 1976--as logical but unspectacular  
steps in building better relations with those East  
European states that were the last to establish diplomatic  
relations with Bonn. (CONFIDENTIAL)

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Vatican Takes Harder Line on Italian Communists

There are signs that the growing influence of the Communist Party has led the Vatican to reassess the relatively neutral posture it has taken toward Italian domestic politics since the early 1960s.

Since then, the only serious departure from that policy was the Church's strong opposition to legalized divorce in the referendum on that question last year. Authoritative Vatican commentators, however, made no serious attempt to influence the outcome of the crucial regional and local elections last June in which the Communists made unprecedented gains.

The Church, however, seems alarmed by the strong possibility that the Communists will become the largest party in Rome when municipal elections are held there this spring. In the regional elections last June, the returns from the city showed the Communists in first place.

The Vatican's concern became apparent last month when the Vicar of Rome warned against the Communists' growing influence in the city and termed Marxism and Christianity "irreconcilable." Two weeks ago, the Pope publicly endorsed that view and termed a Communist administration in Rome "unacceptable."

In addition, Vatican publications in recent weeks have published articles that:

- Strongly reject media claims that the Church is neutral or actually supports eventual Communist entry into the national government;

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--Assert that the Italian variety of communism does not differ fundamentally from that practiced elsewhere and is a threat to liberty in Italy.

There is no evidence, however, that the Vatican is moving to revive the close ties with the Christian Democrats that existed in the 1940s and 1950s, when Church-related entities were an organic part of the party's vote gathering machinery. Nor is the Vatican backing away from its support for social reform; the major spokesmen for the tougher line on the Communists are among the Church's most liberal officials.

Rather, the Vatican is apparently aiming to:

- Combat the increasingly widespread view that Communist entry into the government is inevitable;
- Support efforts underway in the Christian Democratic Party to give it a more attractive image and program;
- Focus attention on a set of Church-oriented principles that can be cast in juxtaposition to those of the Communists.

The Church's traditional policy of "disengagement" from domestic politics makes it difficult to estimate the effect of the Church's hard line on the average Italian voter. In the only recent test--the divorce referendum--the Church was unable to sway voters to its position, and divorce was approved by a landslide.

The degree to which the Vatican can contribute to slowing the Communist momentum will probably depend most on its ability to push the Christian Democratic Party toward a more effective program. The Church seems to be making a serious effort in that respect. The Vicar of Rome, for example, is devising a plan dealing with some of the city's most pressing problems and may threaten to run independent candidates in the municipal election if the Christian Democrats do not accept it. (CONFIDENTIAL)

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ANNEX

French Socialist Leader Visits US

*Francois Mitterrand, the leader of the French Socialist Party and spokesman for the left alliance, visits the US this week at a high point in his 30-year career. The trip is designed to enhance further his image as a statesman and, in particular, to balance his visit last April to Moscow. Mitterrand's agenda includes a meeting with Secretary Kissinger, a talk at the National Press Club and at the Council on Foreign Relations, which is sponsoring his trip.*

Mitterrand has gained all of his political goals except the presidency, which he lost by only 380,000 votes to Giscard d'Estaing in May 1974. Now 59, Mitterrand will still be in the running for the next presidential election scheduled for 1981. Over the last four years he has imposed his dominance on the several warring Socialist factions and built them into France's most dynamic party. In the process, he has emerged as the spokesman of France's left opposition and as an authoritative voice on international relations and national economic and defense issues. His latest writings on political and social topics have received wide praise in literary and political circles. This new stature has mellowed the man and given an added gloss to his personal appeal. He has recently received treatment in the French press similar to that usually reserved for presidents, prime ministers and elder statesmen.

Having moved beyond the short-term political problems that preoccupied him for years, Mitterrand

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1 & 2 | has of late concentrated on creating policy alternatives on national issues that enable the Socialists to challenge the government more effectively. He has ordered exploration of realistic policy options on economic and energy issues, foreign policy, NATO, and multinational companies, unrestrained by the guidelines of the Socialists' Common Program with the Communists.

2 | Since Mitterrand is still in the process of refining policy on these issues, up-to-date details on his positions are lacking. Like Giscard and the leading Gaullist politicians, Mitterrand is a strong nationalist who favors continued efforts to assure France a place on the world stage surpassed only by the US and USSR. He speaks publicly and privately of his admiration for the US, which he has visited several times, but he has also been a sharp critic of some US policies. He favors maintaining cooperative ties with the US and with the USSR, which he has also criticized.

2 | Mitterrand may be more willing than the Gaullists to tolerate an Atlantic orientation in French policy while building a united Europe through its existing institutions. He does not, however, want to delegate substantially more national sovereignty to the EC so long as it retains its present "capitalist" orientation. The Socialist leader has been quoted as favoring France's continued ties to NATO "unless an alternative is available." This presumably means he would like to pursue the possibility of collective security ties with eastern Europe.

2 | He neither claims nor possesses great expertise on economic affairs, but recognizing the voters' pre-occupation with the nation's economic situation, he has been doing extensive reading in this field.

1 | At the same time, Mitterrand--who has not been known as an administrator--has been refining party organization. He has skillfully pushed once influential left-wing members, who had opposed him, out of day-to-day

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leadership roles. He has also ruthlessly weeded out other party officials, including personal friends, whom he felt were not effective. Nevertheless, party organization still suffers from Mitterrand's penchant for delaying decisions to the last moment or assigning to friends tasks already delegated within the party organization. One of the decisions he has postponed is that of selecting a successor. The vitality of the party depends almost completely on Mitterrand and his departure from the scene could lead to its collapse. At this point, the Socialist leader appears to lean toward dividing the succession between two senior assistants.

Mitterrand has also been concentrating on preparing the party for the National Assembly elections which are scheduled for 1978. His continued credibility as a potential president depends on the showing the left makes in that race. Recent polls have indicated that Mitterrand would win if a presidential race were held now and that the left would come close to a majority in a legislative race. Extensive gerrymandering makes it unlikely, however, that the anticipated increase in the total votes for the left that would win the presidency for Mitterrand could be translated into proportional representation in the parliament.

The left's showing rests, in turn, on whether the alliance can hold together. The left Radicals, junior partners in the alliance, have threatened its credibility by opening a public dialogue with Giscard. More significantly, the Communists, who have been publicly attacking the Socialists and Mitterrand personally for over a year, seem to be leaning toward a hard-line, go-it-alone approach and may be trying to goad their allies into breaking the alliance. The Communists are concerned that Mitterrand's increasing appeal to the voters will permanently relegate them to a secondary position on the left. Their personal attacks on Mitterrand seem to have backfired, however, by increasing his stature among voters suspicious of the Communists.

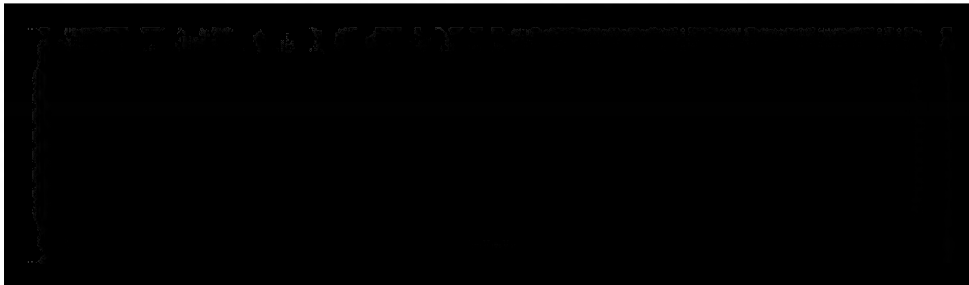
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1 | Mitterrand himself is reported by his confidants to be pessimistic about the potential of the left alliance. He does not believe that its prospects for achieving power are good or that the Communists would ever agree to share power in a government formed under Giscard's presidency. Mitterrand believes, therefore, that it is the responsibility of the left--and of the Socialists in particular--to educate the public on realistic policy options in preparation for the day when the voters will bring the left to power with a real mandate for change.

2 | Mitterrand has no significant personal constituency among West European socialists although he is regarded favorably by south European socialist leaders who realize they will have to cooperate with the Communists if they hope to come to power. Socialist leaders in northern Europe, who are already governing--without relying on the Communists--regard Mitterrand as naive about communism and ideologically dogmatic. In addition, they share a personal animosity toward him. (CONFIDENTIAL)



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